

PUBLIC ACCOUNTANCY BOARD
ANNUAL REPORT
2015/2016

Pursuant to Section 8 of the Public Accountancy Act Part II, and Section 3 of the Public Bodies Management and Accountability Act, the Public Accountancy Board submits its forty-sixth (46th) Annual Report for the year April 1, 2015 to March 31, 2016.

1. MEMBERSHIP AND COMPOSITION OF THE BOARD

A new Board was appointed on August 18, 2014 for a three year period ending on August 17, 2017. The composition of the Board is as follows:

Mr. Eric Crawford	-	President
Mr. L. Garth Kiddoe	-	Vice-President
Mr. Linval Freeman	-	Member
Mr. Raphael Gordon	-	Member
Mrs. C Patricia Hayle	-	Member
Ms. Minna Israel	-	Member
Miss Annaliesa Lindsay	-	Member
Mrs. Ann Marie Rhoden	-	Member
Mr. George Roper	-	Member
Mr. Eric Scott	-	Member

2. MEETINGS

During the year there were four (4) regular meetings of the Board. In addition there were six (6) Committee meetings.

3. PRACTISING CERTIFICATES

The Board issued One Hundred and Ninety-five (195) (2014/15 – 264) Practising Certificates during the year.^[1]

4. BREACHES OF SECTION 15 OF THE ACT

In the 45th Annual Report for the year ended March 31, 2015 it was reported that the Board had referred to the Director of Public Prosecutions (DPP) three (3) cases where persons who were not registered by the Board had issued audited financial statements. The DPP had in her response to

one of the cases indicated that the matter should be pursued with the Area One (1) Fraud Squad in Montego Bay. The Fraud Squad indicated that they needed to take a statement from the complainant who resides in Canada. The complainant has been in contact with the Fraud Squad and is seeking to engage a Jamaican Accountant to assist her before making the statement.

As regards the other two cases the DPP requested the PAB to refer the matters to the Fraud Squad in Kingston. This was done and we are awaiting the results of the investigations by the Police.

During 2015/16 one case was referred to the DPP. We are awaiting a response on that matter.

5. REGISTRATION

There were nine (9) additions to the Register during the year. These persons qualified under Section 12(1)(a) of the Act – members of the Institute of Chartered Accountants of Jamaica.

6 DELETIONS FROM THE REGISTER

The names of three (3) persons were removed from the Register during the year. One deletion was due to death and the other two (2) due to retirement from practice.

7. STATE OF THE REGISTER AS AT MARCH 31, 2016

At March 2016, Two Hundred and Seventy Six (276) persons (2014 – 270) were listed in the Register of Public Accountants. An analysis of the register is reflected in Table 1.

Section	Description	Total Registrants
12 (1) (a)	being members of the Institute of Chartered Accountants of Jamaica;	249

12 (1) (b)	being persons who are entitled to practice accountancy in a country other than Jamaica by virtue of a qualification recognized by that country. Such qualification to be approved by the Minister after consultation with the Board;	4
12 (1) (c)	being persons who are members of the Association of International Accountants, the Society of Commercial Accountants, the British Association of Accountants and Auditors and the Chartered Institute of Cost and Management Accountants or such other body that is approved by the Minister after consultation with the Board.	5
12 (1) (d)	being persons who, in the opinion of the Minister, had immediately before the commencement of the Act, acquired sufficient experience in the practice of accountancy.	18
	Total	276

Table 1: Analysis of the Register

8. COMPARISON WITH THE REGISTER OF THE INSTITUTE OF CHARTERED ACCOUNTANTS OF JAMAICA

At March 31, 2016, there were One Thousand Two Hundred and Thirty-four (1,234) members (2014 – 1,223) of the Institute of Chartered Accountants of Jamaica (ICAJ). Of these members, One Hundred and Seventy-Six (176) (2015 – 179) held practising certificates issued by the Board. Sixty-four (64) members of the Institute who do not hold the Institute’s practising certificates hold practicing certificates issued by the Board^[2].

9. MONITORING, DISCIPLINING AND REGULATING THE PROFESSION

On February 2, 2011, the Board, the Institute of Chartered Accountants of Jamaica (ICAJ), and the Institute of Chartered Accountants of the Caribbean (ICAC) entered into an agreement with the Association of Chartered Certified Accountants (ACCA) for the monitoring of all practising accountants in Jamaica.

The objective of the Monitoring Programme is to assess the extent to which a registered public accountant, in the conduct of his practice, complies with

- International Standards on Auditing (ISA)
- International Standards on Quality Control (ISQC).
- The Code of Ethics for Professional Accountants prescribed by the International Federation of Accountants (IFAC) for the maintenance of high quality performance.
- Provisions of the Board’s Rules and Recommendations and in particular those dealing with AML/POCA and FATF 40 requirements.

The process involves reviews of Registrants by a Senior Practice Reviewer (SPR) from ACCA, assigned to and based in Jamaica. Where necessary the SPR is supported by another SPR who is either based in Trinidad or in the U.K. The reports of the SPR are reviewed by a Monitoring Committee comprising three (3) representatives of the PAB, two (2) from the ICAJ and one (1) from the ICAC.

The review process started in January 2012.

Registrants whose reviews are determined to be unsatisfactory are reviewed again in two (2) years. Those whose reviews are determined to be satisfactory would not have another review until the next cycle of visits in four (4) years time, that is during the second round of visits. Following the review, the Registrants whose reviews were determined to be unsatisfactory have Action Plans designed to assist them to remedy the shortcomings. Those Registrants whose reviews indicated shortcomings are also interviewed by the Monitoring Committee to ascertain what steps they are taking/have taken to address and resolve these issues.

The primary purpose of the programme is to facilitate the improvement in the general standard of audit work of Registrants rather than to penalize them for non-compliance (in the first instance). The Board has taken the approach of applying an “educational” and progressive approach to audit monitoring. This involves providing Registrants engaged in auditing with guidance and assistance to improve the quality of their work. Regulatory sanctions for non-compliance with auditing standards will only be taken if extremely egregious breaches of auditing standards are identified during the review or where a Registrant needs to improve standards but fails to do so after two monitoring visits. Thereafter, more punitive action will be pursued where breaches are identified.

Based on suggestions made by Registrants who have been interviewed by the Committee, the Board in collaboration with the Institute of Chartered Accountants of Jamaica has held

workshops to highlight the most common areas requiring improvement and to help Registrants ensure a satisfactory outcome on future visits.

At the end of March 2016 the SPR had completed two (2) reviews of each of the One hundred and Sixty-eight (168) Registrants who are engaged in practice. Seventy-five (75) Registrants had satisfactory reviews. Letters have been sent to Registrants with unsatisfactory reviews indicating that they are expected to have addressed the shortcomings by the time the third review commences. It is to be noted that the ACCA have advised that their experience in the UK and in the other jurisdictions where they have performed Practice Monitoring, has been that the results in terms of unsatisfactory outcomes has been very similar to what has been experienced in Jamaica.

10. IMPROVING AND STRENGTHENING THE EFFECTIVENESS OF THE PROFESSION

The Board undertook a review of the various regulations governing the functioning of registered public accountants in Jamaica to determine how these could be improved and strengthened for the effectiveness of the Profession. Following this review the Board submitted its recommendations to the Ministry of Finance and the Public Service. The recommendations are designed to inter alia

- Require the establishment of Audit Committees for all Public Interest Entities (PIES)
- Stipulate certain non-audit activities which an auditor of financial statements must not perform for his client
- Require the disclosure in the Annual Report of non-audit fees paid to the auditor
- Legislate the requirement for auditor independence
- Define the fiduciary responsibilities of senior officers in companies
- Prescribe guidelines to prevent conflicts of interest which could arise from the employment of certain members of the audit team by the client within a certain time period
- Codify standards to be used by registered public accountants.

The recommendations fall into two categories viz.

- (a) Those which will involve legislative changes as they relate to entities in which the broad public has an interest in ensuring that there is real and perceived auditor independence.

- (b) Those which concern generally the ethics of the profession and therefore fall within the ambit of the Board's Rules and Recommendations.

The recommendations at (a) were approved by the Cabinet and drafting instructions issued to the Chief Parliamentary Counsel (CPC). The Board completed its review of the second Draft of the Bill and has submitted it to the Ministry of Finance and Panning to be reviewed and returned to the CPC. It is anticipated that the Bill will be tabled in Parliament during the 2016/2017 financial year.

The recommendations at (b) have been incorporated into the revised draft of the Board's Rules and Recommendations which have been the subject of a comprehensive overhaul.

11. TRAINING OF REGISTERED PUBLIC ACCOUNTANTS

On January 16, 2016, the Board in collaboration with the Institute of Chartered Accountants of Jamaica held a Seminar designed to assist registrants with their Continuing Professional Development (CPD). The topics covered were as follows:

- New Auditors' Report
- Update from Practice Review Programme
- Professional Indemnity Insurance
- IFRS Compliant Financial Statements (part 1)
- IFRS Compliant Financial Statements (part 2)

12. PROCEEDS OF CRIME (DESIGNATED NON-FINANCIAL INSTITUTION) (PUBLIC ACCOUNTANTS) ORDER 2013

Effective April 1, 2014 any Registrant who carries out any of the following activities on behalf of any client will be designated a non-financial institution for the purposes of the Proceeds of Crime Act.

- a. purchasing or selling real estate;
- b. managing money, security or other assets;
- c. managing bank accounts or savings accounts of any kind, or securities accounts;
- d. organizing contributions for the creation, operation or management of companies;
- e. creating, operating or managing a legal person or legal arrangement (such as a trust or settlement); or
- f. purchasing or selling a business entity.

The Order, signed by the Minister of National Security, dated November 15, 2013, was published in the Jamaica Gazette, Proclamations, Rules and Regulations on November 29, 2013.

Registrants are required annually to inform the Board if they are carrying out any of the above six activities. They will be monitored under the Practice Monitoring Programme to ensure compliance.

The Board has developed draft Anti-Money Laundering Guidelines in February 2015 and these are published on the Board’s website. The Guidelines were submitted to the Minister of National Security for approval and gazetting.

13. RULES AND RECOMMENDATIONS

The Rules were developed using the templates of the IFAC Ethics Code and the ACCA Ethics Rules. In order to do this, the Board has received the approval of the International Federation of Accountants (IFAC) and ACCA to incorporate the provisions of their Ethics Codes/Rules in our Rules. Once the review exercise is completed the Rules and Recommendations will be discussed with the Institute of Chartered Accountants of Jamaica and sent to the Minister for approval.

14. COMPENSATION TO BOARD MEMBERS AND THE REGISTRAR

Set out below are particulars of compensation to Board members, and non Board Committee members for 2015/16 based on meeting attendance and functions as Registrar.

	Board Fees	Committee Fees
	\$	\$
Board Members		
Eric Crawford	38,000	28,000
Garth Kiddoe	22,000	23,000
Linval Freeman	16,500	3,500
Raphael Gordon	5,500	-
C. Patricia Hayle	16,500	-
Minna Israel	22,000	-
Annaliesa Lindsay	12,500	35,000
Ann Marie Rhoden	11,000	-
George Roper	22,000	-
Eric Scott	11,000	-
Nicola Reid	-	20,500
Rene Allen-Casey		17,250
	177,000	127,250

Registrar
Compton Rodney

Travelling
643,128

15. CONCLUSION

The Board takes this opportunity to express to the Minister and his staff its gratitude and appreciation for the Ministry's continued support and assistance.